

WASHINGTON, DC—Members of Oregon’s congressional delegation, Reps. Peter DeFazio (D-Springfield), Earl Blumenauer (D-Portland), David Wu (D-Hillsdale) and Kurt Schrader (D-Canby) today announced that they had reached a critical agreement to fix the Medicare geographic disparities formula as part of the health reform bill. Due to the current outdated Medicare reimbursement formula, Oregon is one of 17 states where doctors and hospitals receive Medicare reimbursements at rates far below the national average, despite delivering better health outcomes. Oregon doctors are increasingly unable to take new Medicare patients because reimbursement rates are so low that they lose money on every patient.

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The agreement that was reached today will fix this outdated formula and provide a path forward for the future. For the next two years, Oregon doctors and hospitals will receive immediate relief for their unfairly low Medicare reimbursement rates. During that interim two year period, President Obama and Kathleen Sebelius, Secretary Of Health and Human Services have committed to commission studies that would recommend specific steps to fix the longstanding geographic disparities in the Medicare formula, beginning in 2012. The study will also investigate how to restructure the reimbursement formula to reward the type of high quality, low cost care that the thousands of seniors in Oregon receive. The Secretary will then implement these recommendations into law using administrative action.

“Because of a faulty 40 year old formula, Oregon suffers from one of the lowest Medicare reimbursement rates in the country, despite being one of the highest quality best outcomes providers of medical care to seniors in the country. This is wrong. The practical effect is that more and more seniors in my district and across Oregon are being told, ‘sorry, we don’t take Medicare, it doesn’t come close to paying what it costs to provide care, and we simply can’t afford it.’ We’ve been working for more than a decade to correct this inequity,” Congressman Peter DeFazio said. “We’ve negotiated hard and finally have reached agreement today which will give Oregon its rightful share, along with 16 other states who are also being discriminated against under the current formula. This is good news for Oregon seniors and is a critical part of this legislation.”

“After more than a year of hard work and debate, and after a final round of intense meetings that went until dawn, we have a bill that provides important progress for Oregon and the nation. Last night we reached an agreement to save Medicare from collapse by empowering the government to study and then implement a system that rewards value, not just volume of tests

and procedures. Oregon will no longer be penalized for its quality health care, but rather we will be rewarded and recognized for our efficiency. With progress like this, and progress that will give 32 million more Americans access to health care, I will be proud to cast this historic vote," Congressman Earl Blumenauer said.

"This is a vital and landmark shift in policy," said Congressman David Wu. "We are taking the first steps to fix Medicare reimbursement rate disparities so that Oregon doctors and hospitals will be paid fairly for providing quality care to our seniors. The administration has committed not only to payment equity, but also to moving from paying for quantity to paying for quality and results. Shifting to a system that is based on high-value care means we will move away from the volume-based system that has exacerbated geographic disparities and led to millions of American seniors being unable to find a doctor."

"This is a great start in the movement toward cost containment and better quality care," said Congressman Kurt Schrader. "This agreement begins to change the culture of healthcare delivery. States like Oregon should not be penalized for providing high quality care for less. I look forward to continuing to work with my colleagues in the delegation to make sure the promises made by House leaders and the Administration come to fruition so we can finally address this problem once and for all."

The provision also has the support of the Oregon Association of Hospitals & Health Systems and the Lane County Medical Society, which released the following letters today:

March 20, 2010

The Honorable Peter DeFazio

U.S. House of Representatives

Rayburn House Office Building, Room 2134

Washington DC, 20515

Representative DeFazio:

On behalf of Oregon's 58 community hospitals, thank you for your commitment to forging a solution to Medicare payment inequity. Over the past year, Oregon's delegation has demonstrated laudable perseverance in ensuring improved access to health services for all Oregonians. We are deeply grateful to the delegation, the current administration and to Democratic leadership for working with Oregon hospitals on this issue, which is tantamount to reducing the cost shift to commercial insurance and ensuring access to providers.

We applaud Secretary Kathleen Sebelius' pledge to address geographic payment inequity, and share her vision to develop and implement policies that advance health care quality and value and reduce unnecessary utilization. Oregon is one of the nation's most careful stewards of health care resources, ranking first in the nation for shortest length of stay for Medicare patients. Yet our state is penalized for such efficiency with the fourth lowest Medicare payments in the country.

We are grateful to the secretary for her pledge to implement the Institute of Medicine (IOM) studies as outlined in the House health care reform bill, American's Affordable Health Choices Act (H.R. 3200). These studies will provide the information needed to understand the scope of geographic variation in the country. In 2009, Oregon's Healthcare Leadership Taskforce sponsored a study that demonstrated a \$1.7 billion Medicare and Medicaid underpayment for Oregon's physicians and hospitals. The results of these two IOM studies will create a foundation for forging a long-term solution to this problem.

We sincerely hope that Oregon will have the opportunity to participate in the demonstration project outlined by the secretary in which she has agreed to commission the Centers for Medicare and Medicaid (CMS) to "test innovative models taking into consideration the recommendations of the institute of Medicine."

Thank you again for your steadfast commitment to righting geographic payment inequities. This is a positive first step, and one that will create a clear line of sight to an equitable solution. We stand ready to assist in any way we can.

Respectfully,

Andrew S. Davidson

President/CEO

Oregon Association of Hospitals & Health Systems

Lane County Medical Society

990 West 7th Avenue Eugene, Oregon 97402

March 20, 2010

Honorable Peter DeFazio

2134 Rayburn House Office Building

Washington D.C. 20515

Dear Congressman DeFazio:

We are extremely appreciative of the hard work that the members of the Oregon House delegation have done on the issue of geographic disparities in the Medicare payment formula. Oregon is one of seventeen states whose doctors receive Medicare reimbursements at rates far below the national average, despite delivering better health outcomes.

We are pleased by the announcement today that the health care reform bill includes an agreement which will begin to fix this inequity. For the next two years, Oregon doctors and hospitals will receive immediate relief for their unfairly low Medicare reimbursement rates. During that two year period, the Secretary Of Health and Human Services with the authority of the President have committed, in writing, to commission a study that would recommend specific steps to fix the longstanding geographic disparities in the Medicare formula, that would be completed and its recommendations implemented into law by 2012. A second study that will also investigate how to restructure the reimbursement formula to reward the kind of high quality, high value care that thousands of seniors receive in Oregon is due to be implemented into law by 2014.

This agreement is a significant step forward in the fight to ending this long-standing problem that has unfairly punished our doctors and hospitals for providing high quality, low cost care.

Sincerely,

Michael G. Herz, M.D., President; Marc B. Schnapper, M.D., President-Elect; Raymond N. Englander, M.D., Secretary-Treasurer; Byrke Beller, M.D. Secretary-Treasurer Elect; Sylvia A. Emory, Chairwoman of the Delegation

